

Wesley D. Ray (SBN 026351)  
Wesley.Ray@SacksTierney.com  
Philip R. Rudd (SBN 014026)  
Philip.Rudd@SacksTierney.com  
Michael Galen (SBN 035044)  
Michael.Galen@SacksTierney.com  
**SACKS TIERNEY P.A.**  
4250 N. Drinkwater Blvd., 4th Floor  
Scottsdale, AZ 85251-3693  
Telephone: 480.425.2600  
Facsimile: 480.970.4610  
*Attorneys for Debtors*

**IN THE UNITED STATES BANKRUPTCY COURT  
THE DISTRICT OF ARIZONA**

In re:  
  
ANDES INDUSTRIES, INC.,  
  
PCT INTERNATIONAL, INC.,  
  
Debtors.

Case No.: 2:19-bk-14585-PS

Joint Administration With  
Case No. 2:19-bk-14586-PS

Chapter 11 Proceedings

THIS FILING APPLIES TO:

  X   Both Debtors  
       PCT International  
       Andes International

**FIRST INTERIM APPLICATION FOR  
ALLOWANCE AND PAYMENT OF  
COMPENSATION FOR SERVICES  
RENDERED BY LKW CONSULTING,  
L.L.C. AS FINANCIAL ADVISOR  
FOR DEBTORS**

LKW Consulting, L.L.C. (“Applicant”), financial advisor for Andes Industries, Inc. and PCT International, Inc. (the “Debtors”) in the above-captioned bankruptcy cases (the “Chapter 11 Cases”), makes this *First Interim Application for Allowance and Payment of Compensation for Services Rendered by LKW Consulting L.L.C. as Financial Advisor for Debtors* (the “Application”).

Applicant requests interim approval of compensation for services rendered to the Debtors from January 10 2020 through February 29, 2020 (the “Application Period”) and supports this Application with the submission of its detailed invoices attached hereto as Exhibit “A” and incorporated herein by reference.

Further supporting its Application, Applicant respectfully represents the following:

## **I. BACKGROUND**

On November 15, 2019 (the “Petition Date”), certain of the Debtors’ creditors filed Involuntary Petitions against the Debtors under Chapter 7 of the Bankruptcy Code.

On December 2, 2019, the Debtors filed their Motions to Convert Involuntary Chapter 7 Case to a Chapter 11 Case (Dkt. # 7 & 11). The Court signed the Orders Converting Involuntary Chapter 7 Case to a Chapter 11 Case on December 4, 2019 (the “Order for Relief Date”) (Dkt. #31 & 17).

On January 10, 2020 the Debtors filed their *Application for an Order Authorizing the Employment and Retention of LKW Consulting, LLC as Financial Adviser for the Debtors Pursuant to 11 U.S.C. §§ 327(a) and 328(a); and Rule 2014 Statement of Professional* (Dkt. #109), which was approved by the *Order Authorizing the Employment and Retention of LKW Consulting, LLC as Financial Adviser for the Debtors Pursuant to 11 U.S.C. § 327(a)* entered on January 31, 2020 (Dkt. #143) (the “Order Appointing Counsel”).

The Debtors case are being jointly administered pursuant to the *Order Approving Joint Administration and Authorizing the Use of a Consolidated Caption* entered on December 16, 2019 (Dkt. #58).

A plan and disclosure statement have not yet been filed in the Bankruptcy Cases. The Debtors expect to file a plan and disclosure statement before the exclusive period expires on April 2, 2020. All quarterly fees owed to the United States Trustee have been or will promptly be paid and the Debtors are current on the filing of their monthly operating reports.

## **II. FEES REQUESTED**

Applicant is seeking interim approval and payment of the fees incurred during the Application Period covering from January 16, 2020 through February 29, 2020.

This is Applicant’s first interim application for compensation. During the Application Period Applicant spent 34.5 hours in its advising of the Debtors. Based upon

1 Applicant's ordinary hourly rates in effect at the time these services were rendered,  
2 Applicant incurred fees in the amount of **\$8,625.00**. The Debtors have reviewed this  
3 Application and approve the amount requested herein.

4 The services rendered for which Applicant requests compensation were rendered on  
5 behalf of the Debtors and compensation is sought pursuant to sections 330(a), 331 and  
6 503(a) and (b) of title 11 of the United States Code (the "Bankruptcy Code") and Rule  
7 2016(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and in  
8 compliance with the Order Appointing Counsel and the Guidelines of the Office of the  
9 United States Trustee for the District of Arizona (the "Guidelines").

10 Except to the extent Applicant may be entitled to receive compensation in these  
11 Bankruptcy Cases as a result of this Application, Applicant has not made arrangements  
12 with any other parties to pay Applicant for its service to the estates. Applicant has not  
13 received any funds from any other parties for its services rendered to the estates. Further,  
14 Applicant has made no arrangement to share any compensation received pursuant to the  
15 Order of this Court with any party whatsoever, nor has Applicant made any arrangements  
16 for sharing any compensation awarded hereinafter, except as between members and/or  
17 regular associates of Applicant's firm.

18 All of Applicant's services to the Debtors were rendered by Lawrence K. White and  
19 billed at the rate of \$250 per hour, which is the same rate Applicant charges its non-  
20 bankruptcy clients.

### 21 **III. SUMMARY OF SERVICES PERFORMED BY APPLICANT**

22 Applicant performed numerous services for the Debtors during the Application  
23 Period, as detailed in the timesheets attached hereto as Exhibit A and as described below.

#### 24 **A. Business Operations**

25 Applicant conducted several internal meetings with various members of the Debtors'  
26 management team on numerous topics. These topics included financing opportunities, due  
27 diligence, and general planning. Additionally, Applicant reviewed the Debtors' current and  
28 historical financials, long term financing models, and collection of accounts receivable.

1 **B. Financing**

2 Applicant reviewed and analyzed the Debtors' Debtor in Possession financing and  
3 future potential financing options. Applicant also reviewed, and attended meetings  
4 regarding, various financing opportunities.

5 **IV. SUMMARY OF COSTS**

6 Applicant seeks no cost reimbursement with this Application.

7 **V. STANDARDS OF EVALUATION**

8 Applicant billed total fees of **\$8,625.00** to the Debtors' bankruptcy estate for  
9 professional services rendered during the Application Period. This amount was calculated  
10 in accordance with Bankruptcy Code section 330, using the hourly rate(s) for the  
11 professionals involved. *See In re Yermakov*, 718 F.2d 1465, 1471 (9th Cir. 1983) ("The  
12 primary method used to determine a reasonable attorneys' fee in a bankruptcy case is to  
13 multiply the number of hours expended by an hourly rate"). This method has also "been  
14 referred to as the 'lodestar' or basic fee, which, if warranted, can be adjusted upward or  
15 downward." *In re Powerline Oil Co.*, 71 Bankr. 767, 771 (9th Cir. 1986).

16 By this Application, Applicant is requesting reasonable compensation based upon  
17 the customary compensation charged by comparably skilled practitioners in non-  
18 bankruptcy cases.

19 **VI. CONCLUSION**

20 Based upon the foregoing, Applicant respectfully requests entry of an Order:

21 1. Approving compensation for professional services rendered by LKW  
22 Consulting, L.L.C. to the Debtors during the Application Period in the amount of **\$8,625.00**  
23 on an interim basis;

24 2. For allowance and payment of LKW Consulting's fees and costs requested  
25 herein as an administrative claim;

3. Directing payment of the balance of the fees and costs requested herein as an

allowed administrative claim; and

4. Granting such other and further relief as the Court deems just and proper.

DATED: March 13, 2020.

**SACKS TIERNEY P.A.**

By: /s/ Michael Galen

---

Wesley D. Ray

Philip R. Rudd

Michael Galen

## Attorneys for Debtors